



President's Report

Tom Kilgore

President & Chief Executive Officer

August 1, 2007



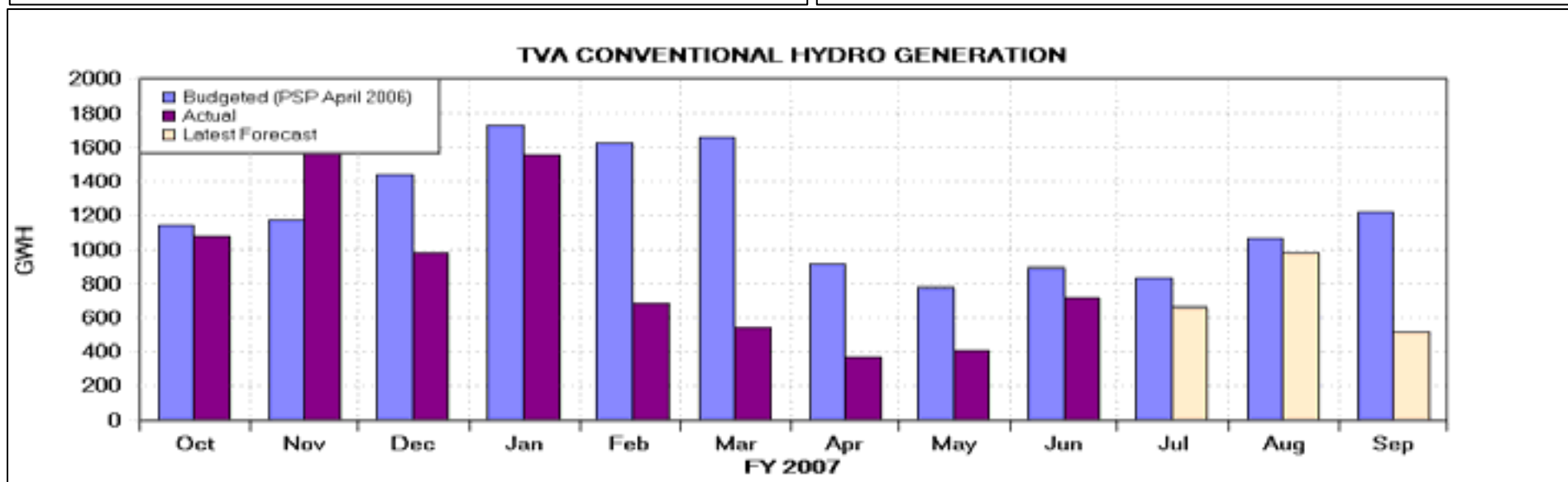
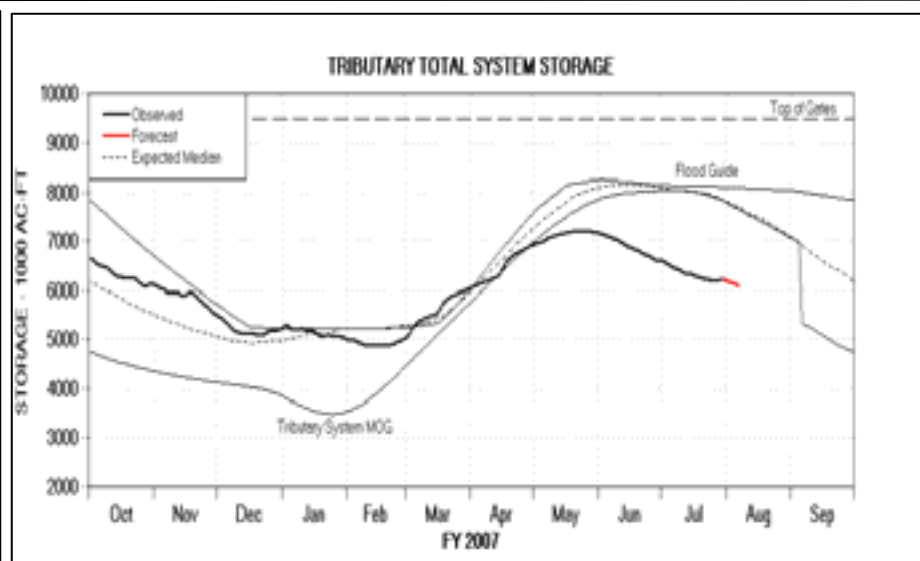
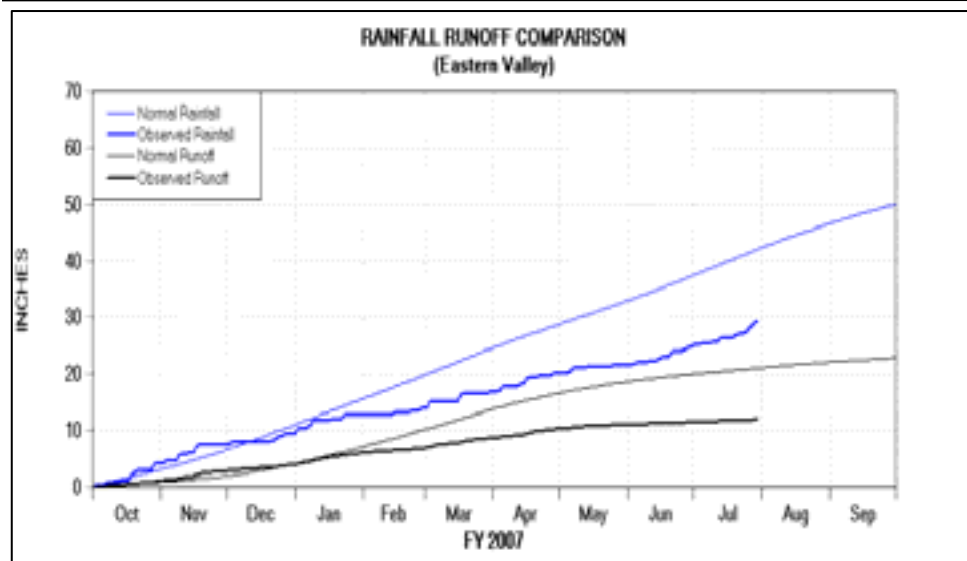
Report Overview

Fiscal Year Update

- Financial Status**
- Highlights**
- Looking to FY 08**



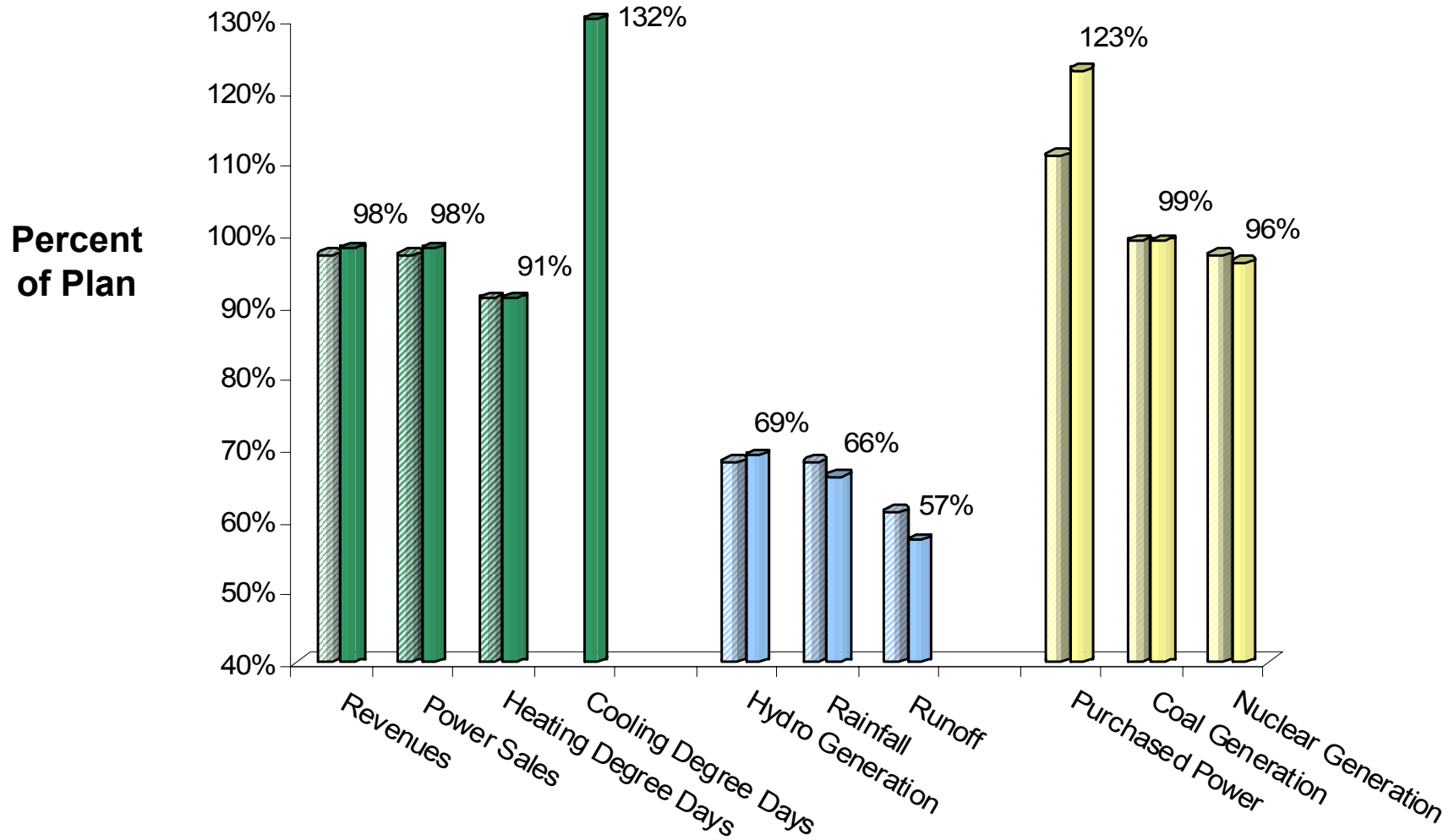
FY 2007 RAINFALL / RUNOFF





FYTD 2007 Financial Drivers

Estimates as of July 13, 2007





FY2007 Total Cost of Power Forecast

FY2007 Budget versus Forecast

(\$/MWh)

\$54.00

\$52.00

\$50.00

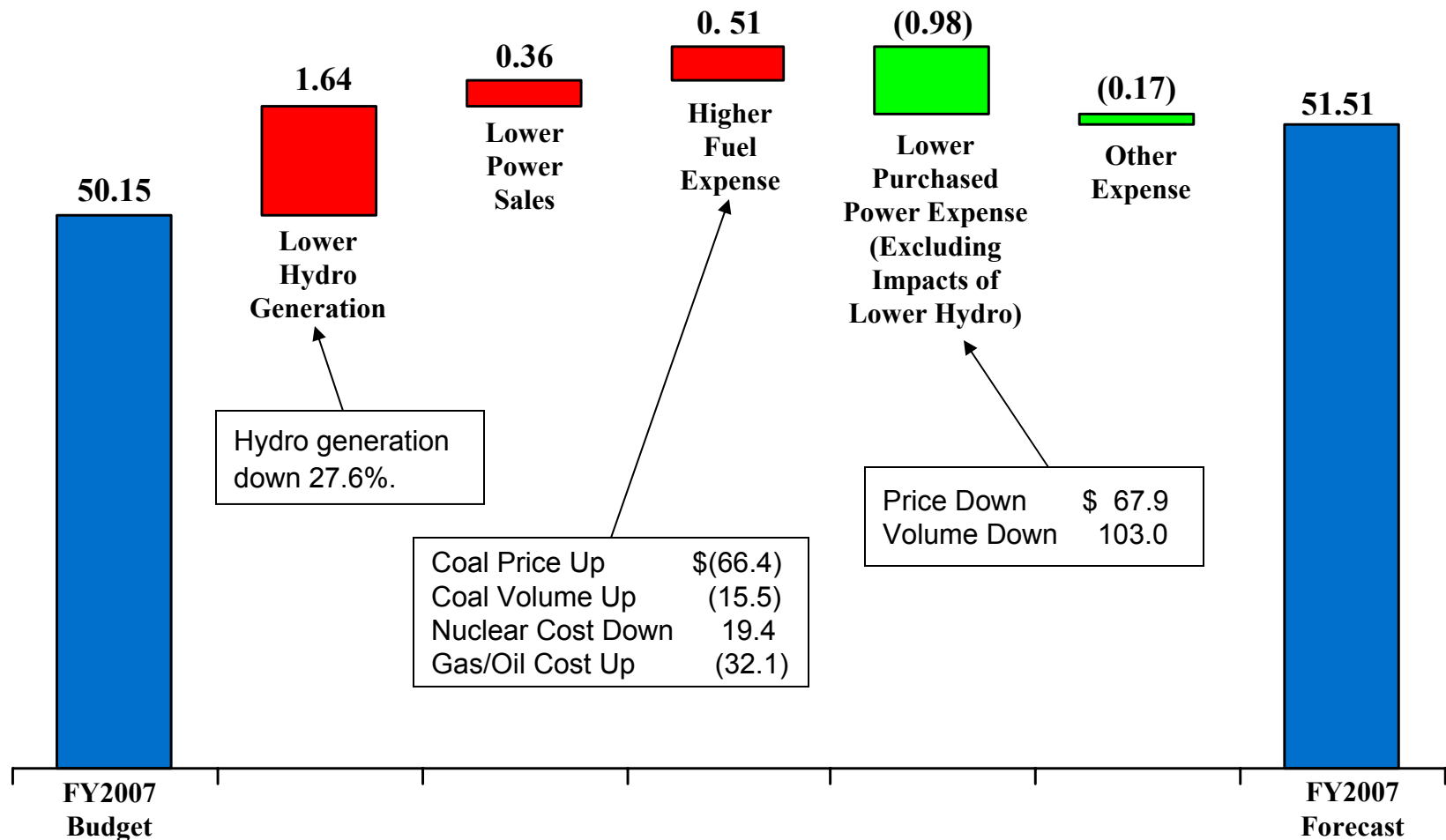
\$48.00

\$46.00

\$44.00

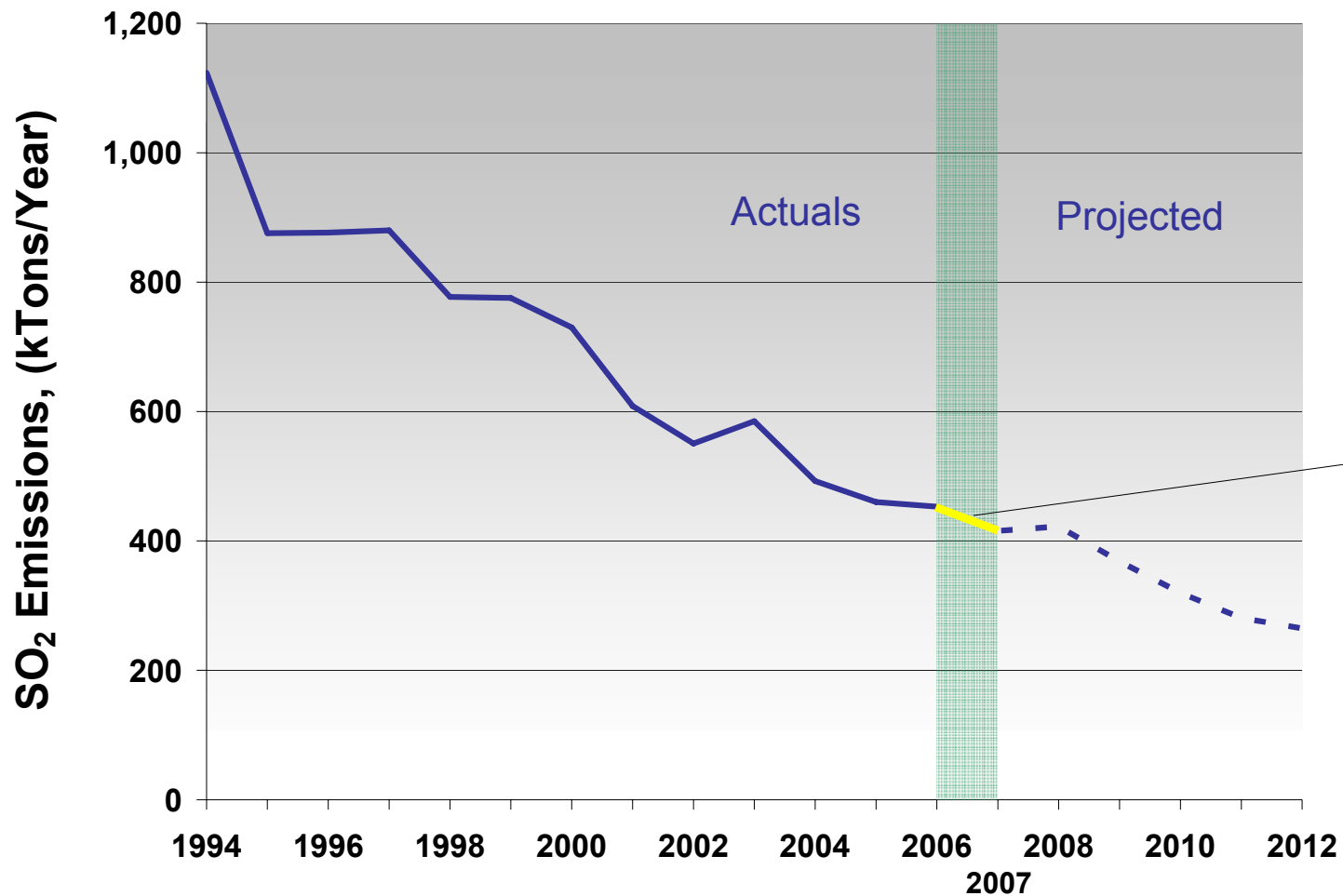
\$42.00

Total Cost of Power is forecasted to be above plan by 2.7% for the year.





TVA SO₂ Reductions



Impact of
Paradise
Scrubber



Energy Conservation Initiative

Demand Side Management Strategic Objective:

- **Strive to achieve leadership in energy efficiency improvements and peak reduction within 5 years**

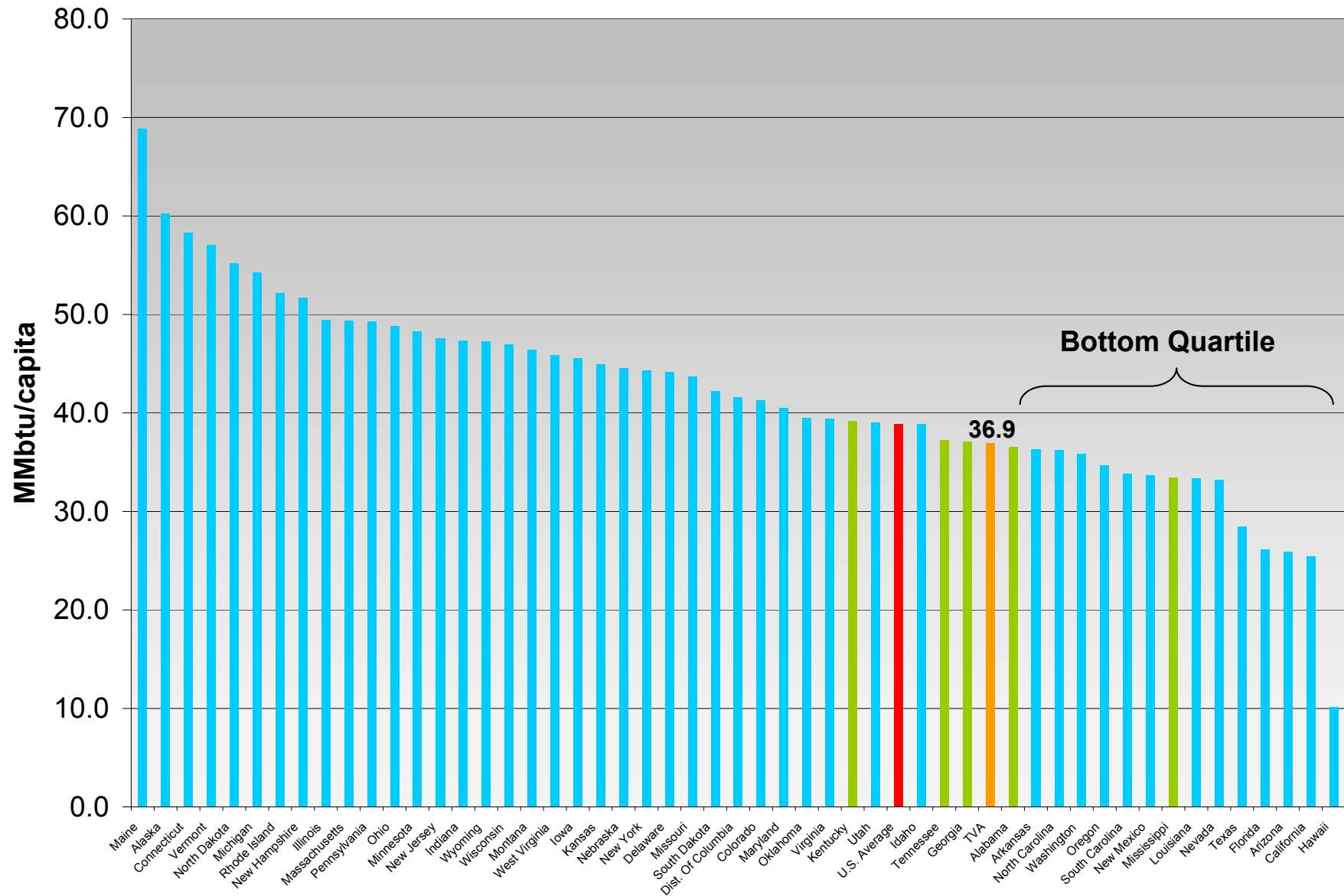
Measures for achieving objective:

- **Offset one year of load growth – minimum 700MW, strive for 1200MW**
- **Reduce per capita energy consumption to lowest national quartile**
- **Maximize participation in Energy Efficiency and Peak Shaving initiatives**



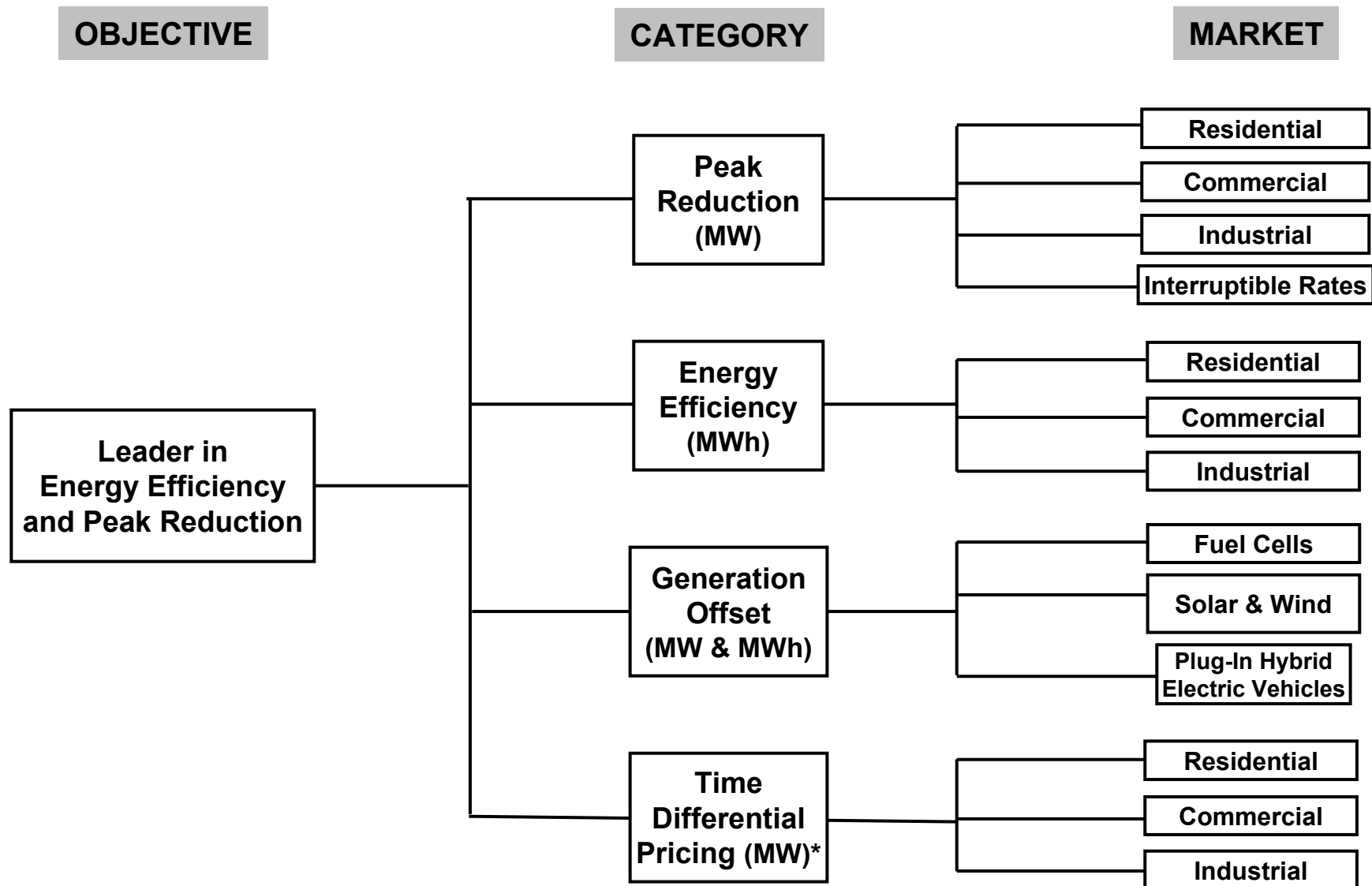
National Total Residential Energy Use

(million Btu per capita – All Energy Sources 2003)





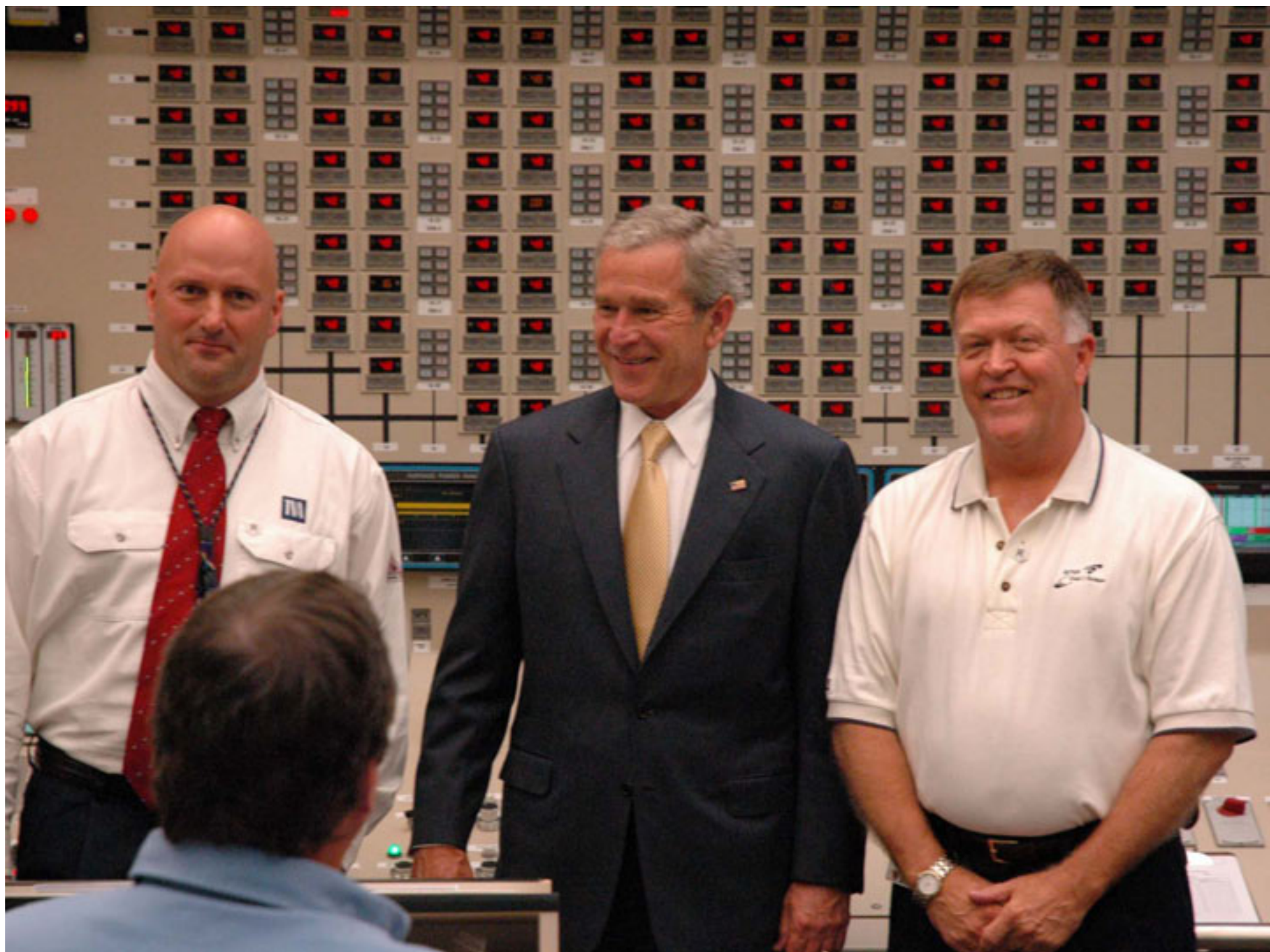
Demand Side Management Overview





Browns Ferry Update







Looking to FY08

Strategic Plan Implementation

- Long-term power supply**
- Use of financial principles**
- Sustainable performance improvement**

